

Report details Rewald finances

from page one

appeared to be for repair of a car for the singer.

The report also said Rewald paid Jack Lord \$45,000 for a van. Lord said last night that the money was payment for a custom travel coach he sold Rewald in 1982.

Lord said "it was an arm's-length deal" for the 30-foot custom coach which he used on location when filming his "Hawaii Five-O" television series here. Lord also said the bankruptcy trustee is fully aware of the transaction.

He said he had had the coach appraised and had been trying to sell it for \$50,000 when Rewald saw it, "fell in love with it" and bought it for \$45,000.

Lord said that transaction and two visits to the Hawaii Polo Club field at Mokuleia as Rewald's guest were the extent of his relationship with Rewald.

The vehicle is listed among the 13 still registered in the name of Rewald or his wife, Nancy — including three Cadillacs, two Mercedes, a Rolls-Royce and a Jaguar.

The records show Rewald spent \$250,000 buying cars and

another \$104,000 maintaining them.

The report says Rewald also spent \$7,187 on campaign contributions, including funds for Ronald Reagan, John Waihee, Dennis O'Connor, Fred Rohlfing and Eileen Anderson.

He spent \$9,480 on flowers and fruit; \$14,038 for advertising; \$16,207 for dues and magazine subscriptions; \$66,337 on boats; \$67,000 on donations and gifts; \$82,321 on jewelry and art; \$102,000 on his relatives; \$116,700 on personal insurance.

He spent \$154,000 on personal travel; \$157,600 on residence repairs and maintenance; \$218,882 on "personal cash including payroll"; \$225,750 on household help, including \$132,000 for school and tutoring fees; \$244,000 on personal loans; \$262,000 on Oahu Ranch.

He spent \$278,000 on Hawaii Polo, plus another \$263,000 on "horse-related" expenses on animals named Doxie, Sierra, Feather, Breezy, Serita, Clyde, PR, Barn Fly, Gucci Command, Moon Daughter, Caramel, Shadow, Gem, Cali, Sweetheart, Evita and Maggie.

He spent \$522,880 on Waimanalo Ranch and \$806,000 on Sports Hawaii, a company now

worth only about \$20,000, according to Wagner.

He spent \$655,856 on residences. The most recent residence, a million-dollar waterfront home on Kalaniana'ole Highway, is not listed among the estate's assets because it is still in Rewald's name.

Wagner said the trustee will try to help investors recover all of Rewald's assets, but it still appears that investors will get back no more than 10 cents to 20 cents on the dollar of their money.

He also said the trustee will try to recover about \$1 million that went out of company accounts in the last 90 days before the bankruptcy; the \$2.3 million owed back by some investors; any loans; and the proceeds of any fraudulent transactions within 12 months of the bankruptcy.

The records show that several individuals in addition to Rewald received large sums of money from the company for a variety of reasons, including interest on deposits, salaries and fees.

Attorney Russell D.C. Kim is shown as receiving \$827,014 from his investor account at Bishop Baldwin. But, the report

says, only \$337,000 was ever deposited in the account, making Kim an "investor/debtor" who owes the estate \$490,014.

Records also show Rewald personally paid Kim \$47,000 in legal fees.

Another attorney close to Rewald, Robert Jinks, is shown as receiving \$1.2 million from an account into which only \$683,000 was deposited. The report says he owes \$582,000.

Jinks also shows up on the payroll receiving fees totaling more than \$47,000.

The report also said six-figure sums are owed by Dr. John Ebert, who was an early investor, and company consultant Ralph D. Black. Black also received \$88,000 in attorney's fees from the company, the report says.

Another attorney who did work for Rewald was Dana W. Smith, shown as receiving more than \$183,000 in fees.

Sunny L.S. Wong, an officer of the company, received \$103,000 in fees and salary in a three-year period. As an investor, Wong put in \$44,000 and took out \$34,000, according to the report.

The report also said that certified public accountant Jerard Signori was paid nearly \$150,000; employee Richard Spiker was paid \$87,686; and Michael Dailey was paid almost \$67,000 as a consultant.

John Kindschi, former station chief for the CIA in Honolulu, was paid more than \$68,000 by the company, sometimes as a \$60-per-hour consultant, the report said.

As an investor, Kindschi put in \$185,000 and took out \$175,000, including \$140,000 days before the collapse.

Kindschi had another account jointly with Hazel Kindschi in which \$40,000 was deposited and withdrawn.

Kindschi's successor at the CIA, Jack Rardin, shows up as an investor of \$1,500 who withdrew \$2,328 in May 1983. Rewald even made a \$20 contribution to Rardin's barbershop singing group.

Sue Wilson, an aide to Rewald, got \$63,416 in salary from April 1981 to July 1983.

Gerald Lam, part-time per diem district court judge, was paid \$63,000 by the company in fees and salary. Lam's investor account shows \$173,000 deposited and nearly \$45,000 withdrawn.

Daniel Clement, former city councilman, shows on the report as receiving \$13,000 from the company in the six weeks before it collapsed.

Aloha!Today is Saturday,
Feb. 25, 1984

Rewald's finances detailed in report

By Walter Wright
Advertiser Staff Writer

Ronald R. Rewald took \$4.7 million from his "bogus investment counseling" firm for "personal spending," the bankruptcy trustee said yesterday.

The firm took in \$20.4 million, paid back \$10 million to investors and had \$5.4 million in business expenses, said trustee Reynaldo Grauly in a report

filed in federal court.

Grauly said Rewald's company — Bishop, Baldwin, Rewald, Dillingham and Wong — owes 318 investors \$12.6 million.

But another 81 investors took out more than they put in and owe the company \$2.3 million, he said.

"The report shows precisely to the penny how Rewald spent investors' funds, and it shows clearly that he didn't spend it

on any investments," said James Wagner, attorney for the bankruptcy trustee.

"The money coming through the corporation was never invested in anything."

Rewald, free on \$140,000 bail pending trial on two state theft charges, was on the Mainland last night and could not be reached for comment. His attorney, Robert Smith, had no comment.

The company received \$2,711 from the Central Intelligence Agency as reimbursement for telephone and telex expenses it incurred for the agency, the report said.

Rewald has filed a damage suit against the CIA, claiming that the agency told him to establish the company and several other cover operations. He says the CIA used the firm to shelter its own money and that of highly placed foreigners.

Wagner said the bankruptcy report indicates that Rewald made no investments for the CIA or anyone else and that the source of all the funds is known and the CIA accounts for less than \$3,000 out of \$20 million.

It is "conceivable," Wagner said, that the CIA could have pumped money into the company through individual investors, but "to believe Rewald, it would require that a large portion of the investors had to be (CIA) agents."

Wagner said the report and analysis indicate that money Rewald deposited in his name in company accounts was taken from the company, from the sale of a house he bought with company funds and from investors directly.

A 4-inch-thick printout accompanying the bankruptcy schedule lists all of the banking transactions the company made from 1979 to August 1983, when it closed its doors following Rewald's suicide attempt.

The names of two Hawaii celebrities appear in the document.

Danny Kaleikini is shown as the recipient of a \$10,426 loan. Kaleikini could not be reached immediately, but Tim Holzer, another attorney for the bankruptcy trustee, said the money

See Report on Page A-4

Weather

Mostly sunny today; fair tonight except for some windward showers. Trade winds 10 to 20 mph. Low tonight upper 60s, high tomorrow mid 80s.

Details on Page A-2

Honolulu Star-Bulletin

Saturday

Home

A Gannett Newspaper

(c) 1984 Gannett Pacific Corp. All Rights Reserved

Two Sections
20 Pages

VOL. 73, NO. 56

HONOLULU, HAWAII Saturday, February 25, 1984

Oahu—25 Cents
Neighbor Islands—30 Cents

Trustee Wants Rewald Interest

By Charles Memminger
Star-Bulletin Writer

The trustee of the bankrupt investment company Bishop, Baldwin, Rewald, Dillingham & Wong wants more than 80 investors to pay back \$2.3 million in interest paid to them by Ronald R. Rewald.

The disclosure was made yesterday after the trustee filed a mammoth business affairs statement in U.S. Bankruptcy court as part of the continuing bankruptcy proceedings involving Rewald's defunct company.

The 900-page computer printout actually is nothing more than a giant checkbook that traces 98 percent of the transactions involving Rewald and his company from 1978 to July 1983, according to Timothy Holzer, bankruptcy attorney.

It took bankruptcy administrator Thomas Hayes and his staff seven months to trace thousands of checks and transactions in an effort to locate millions of dollars

of missing investor money.

After tallying all the figures, Hayes determined that Rewald took in \$20.4 million from investors and paid out about half of that in interest, business and personal expenses.

ACCORDING TO the printout, Rewald owes investors \$10.3 million. That figure is down from the trustee's initial estimate of \$17 million when the company first was forced into bankruptcy by a group of investors.

One surprise to company investors, however, will be the trustee's demand that they pay back any interest they made from their investments into Rewald's company.

Administrator Hayes wants the money paid back because it was not legitimate interest earned from investments but merely part of proceeds of Rewald's "ponzi scheme," bankruptcy attorney Holzer said.

In fact, the cover page of the bankruptcy statement filed by

the trustee, Reynaldo Grauly, lists the nature of Rewald's business as "bogus investment counseling."

"Anyone who took out more money than they put in has to pay that money back," said Holzer on behalf of Hayes, who was not available for comment. "We are claiming that there was no business at all."

"Making people pay the money is the only fair way to do it," Holzer said. "Everybody should have to suck wind together."

THE BANKRUPTCY statement lists 81 people who allegedly owe the bankrupt company \$2,333,837. Among them are:

—Calvin Gunderson, Rewald's security head, \$22,100.

—Ret. Gen. Hunter Harris, former Air Force Pacific commander, \$49,338.

—Robert Jinks, former Rewald attorney and consultant, \$361,672.

—Jack Kindschi, former CIA Honolulu bureau chief, \$34.

—Jack Rardin, CIA Honolulu bureau chief, \$823.

—Richard Lippnow, Rewald's brother-in-law, \$28,745.

—Al Lopaka, polo player, \$2,500.

—Tommy Campos, polo player, \$46,440.

—John Ebert, Honolulu doctor, \$337,873.

—Russell D.C. Kim, former Rewald associate, \$490,014.

—D. Alden Newland, former Rewald attorney, \$15,990.

Hayes will try to get this money returned in addition to any funds withdrawn from the company within 90 days of its collapse. He already has begun legal action against several investors, including Kindschi who withdrew \$145,000 before the company closed its doors in the wake of Rewald's attempted suicide.

THE COMPUTER printout is expected to be a key part of the state's prosecution of Rewald, currently charged with two

Turn to Page A-4, Col. 1

Investors Asked for Interest

Continued from Page One

counts of theft by deception. Holzer said the printout shows that the money investors put into the company was not invested but deposited into bank accounts that were used largely to pay company overhead, salaries and Rewald's substantial personal expenses.

But the printout also is expected to be the key to Rewald's defense and Rewald's attorneys will attempt to use it to show that the

CIA had propped up the company.

Samuel King Jr., Rewald's criminal attorney, said an accountant is analyzing the printout but would not comment further on it. Robert Smith, Rewald's civil attorney, also would make no comment.

Hayes has identified only \$2,711 that came into the company from the CIA, mostly to pay for phone services. But Rewald is expected to contend that the CIA funneled money into the company through other accounts.

OTHER DISCLOSURES in the printout include:

—Rewald spent \$4.7 million on personal expenses.

—A handful of investors who did not want to be identified as creditors waived their claim to \$26,900.

—District Judge Gerald Lam has filed a claim for \$128,429. Lam, who had been Rewald's business associate, declined to comment on his claim.

—Hayes still is trying to track down \$21,620 in checks.